

STATE OF MICHIGAN
DEPARTMENT OF CONSUMER AND INDUSTRY SERVICES
OFFICE OF FINANCIAL AND INSURANCE SERVICES
Before the Commissioner of Financial and Insurance Services

In the matter of:

SN Servicing Corporation
Respondent

_____/ Enforcement Case No. CRSD 2002-2

Issued and entered
this 12th day of December 2002
by Frank M. Fitzgerald
Commissioner of Financial and Insurance Services

CONSENT ORDER

I.

BACKGROUND

SN Servicing Corporation ("Respondent") is a California-domiciled corporation whose officers are Robin P. Arkley, II, President, sole Director, and Shareholder; Jack Mendheim, Executive Vice President; Sandra Austin, Vice President; Allan Grushkin, Treasurer. Respondent is not licensed by the Office of Financial and Insurance Services ("OFIS") pursuant to the Mortgage Brokers, Lenders, and Servicers Licensing Act ("MBLSLA") or any other statute. Respondent has applied to OFIS for a first mortgage servicer license. In reviewing the application and other documentation, OFIS staff determined that Respondent is conducting mortgage-related activities, which requires a mortgage servicer license. Respondent and OFIS staff have conferred and have agreed to resolve this matter according to the terms set forth below.

II.

FINDINGS OF FACT AND CONCLUSIONS OF LAW

1. Respondent indicated it was servicing 16,512 residential mortgages, and of that number, 545 are Michigan residential mortgage loans.
2. Respondent further indicated that of the 545 Michigan residential mortgage loans serviced, 19 loans include escrow for property taxes and 10 loans include escrow for insurance.
3. Sections 2(1) (a) (b) and (c) of the MBLSLA¹ prohibits a person from acting as a mortgage broker, lender or servicer without a license or registration.
4. Section 25 of the MBLSLA permits unlicensed mortgage servicing companies to service no more than 10 loans between July 1 and June 30 of the licensing period.
5. Respondent exceeded the statutory "10-loan exemption" by 535 mortgage loans in its servicing portfolio.

¹ Michigan Mortgage Brokers, Lenders and Servicers Licensing Act, PA 173 of 1987

III.
ORDER

It is ORDERED that:

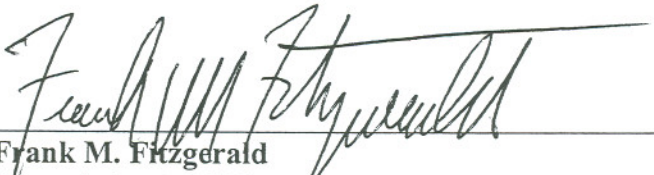
1. Respondent shall cease and desist servicing any further Michigan residential first mortgage loans until it receives a mortgage servicing license or registration pursuant to the MBLSLA. However, Respondent may continue servicing first mortgage loans that it was processing prior to the date of entry of this Order.

2. Respondent shall pay to the State of Michigan a civil fine of \$3,000.00. The fine shall be paid within 30 days of the date of entry of this Order.

3. In the event that Respondent receives a mortgage servicer license, it shall:

- a. maintain a program to monitor and ensure compliance with all state and federal consumer laws and regulations relating to Respondent's mortgage servicing activities.
- b. educate itself and its employees with respect to all state and federal consumer laws and regulations, including the Mortgage Brokers, Lenders and Servicers Licensing Act and the Secondary Mortgage Loan Act.
- c. designate a compliance officer, and notify the Office of Financial and Insurance Services of the compliance officer's name and business address, to ensure that Respondent is in compliance with all applicable state and federal laws. Respondent shall notify the Office of Financial and Insurance Services of any change in designation of the compliance officer within 30 days of such re-designation.

The Commissioner retains jurisdiction over the matters contained herein and has the authority to issue such further order(s) as he shall deem just, necessary and appropriate in accordance with the provisions of the MBLSLA. Failure by Respondent to abide by the terms and provisions of this Order may result in the commencement of additional proceedings.


Frank M. Fitzgerald
Commissioner of Financial and Insurance Services

IV.

STIPULATION

I have read and understand the proposed consent order above. I agree that the Commissioner has jurisdiction and authority to issue this consent order pursuant to the Mortgage Brokers, Lenders, and Servicers Licensing Act, 1987 PA 173, as amended, MCL 445.1651 *et seq.*; MSA 23.1125(51) *et seq.* I waive the right to a hearing in this matter if this consent order is issued. I understand that this stipulation and consent order will be presented to the Commissioner for approval and that the Commissioner may or may not issue this consent order. I waive any objection to the Commissioner deciding this case following a hearing in the event the consent order is not approved. I agree to comply with the filing requirements of the Mortgage Brokers, Lenders, and Servicers Licensing Act in the future. I agree to the entry of this order.

Dated: 12/06/02



SN Servicing Corporation
BY: Allan Grushkin
Its: Senior Vice President
(Authorized Representative)

The OFIS staff approves this stipulation and recommends that the Commissioner issue the consent order above.

Dated: 12/11/02



Frances K. Wallace
Chief Deputy Commissioner